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AUTHOR Houston, C. A.
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ABSTRACT

The methodology is provided for individual faculty members, colleges, and/or college systems to examine past and present faculty salaries or salary ranges in terms of constant dollars adjusted for the Consumer Price Index (CPI). The procedure for calculating present salaries in terms of constant dollars is cited as follows: (1) graph nominal (actual) salaries by academic years back to 1967 and connect salaries with a broken line; (2) convert each year's salary to constant dollars using the CPI table and the following formula: Nominal Year Salary multiplied by Beginning Year CPI divided by Nominal Year Salary equals Nominal Salary in Beginning Year Dollars; and (3) graph nominal year salaries in beginning year dollars and connect with solid line--this line represents a real salary history. Appendices provide a CPI table, and graphs which illustrate the salary range history by academic ranks for a typical community college system. Results of the sample data indicate that although all academic rank ranges increased in terms of nominal (actual salary), there were significant decreases in terms of salary ranges in constant dollars. (AYC)

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COLLEGE FACULTY SALARY SHRINKAGE

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VIRGINIA WESTERN COMMUNITY COLLEGE
3095 COLONIAL AVENUE, S. W.
ROANOKE, VIRGINIA 24015
HAROLD H. HOPPER, PRESIDENT

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College Faculty Salary Shrinkage 1967 - 1979

CHARLES A. HOUSTON, Virginia Western Community College

ABSTRACT

This study provides the methodology for individual faculty members, colleges, and/or college systems to examine past and present faculty salaries or salary ranges in terms of constant dollars adjustment for the Consumer Price Index. In addition, the methodology can be extended to compare past and present college expenditures per FTE students. Results of the study will typically provide a clearer awareness of why faculty members and the college budget are having trouble maintaining the same standard of expenditures despite increasing salaries and/or budgets.

INTRODUCTION*

In 1967, Dr. Johnson was appointed at a southern community college as an Associate Professor of Mathematics with a salary of \$10,000. In 1978, Dr. Johnson earned \$21,000 as a professor at the top of his rank. Has Dr. Johnson really gained anything? The following calculations adjusted for the Consumer Price Index provides an answer to this question.

$$\frac{\text{Nominal (Actual)} \\ 1978 \text{ Salary} \times 1967 \text{ (CPI)*}}{1978 \text{ CPI}*} = \frac{\$21,200 \times 100.00}{195.4} = \$10,850$$

*Consumer Price Index (See Appendix)

Dr. Johnson's present salary in constant dollars is \$850 higher than his 1967 salary - a truly handsome reward for 11 years of experience and promotion to the top of the salary schedule as a professor!

Purpose of the Study

This study provides the methodology for individual faculty members, colleges, and/or college systems to examine past and present faculty salaries or salary ranges in terms of constant dollars adjusted for the Consumer Price Index. The methodology for the subject has been presented by the Tax Foundation, Inc. which has reported that college professors are among the occupational group most severely hurt by the inflationary spiral of the past 10 years. The results of this type of analysis will

*The methodology for this paper was discerned from an excellent example in the March 1979 NEA Advocate by Colin Godfrey of the University of Massachusetts and A.B. Read of Tennessee Technological University.

provide a clear awareness of why - despite a steadily climbing salary - that college faculties may be having trouble maintaining the same standard of living enjoyed a decade ago (NEA Advocate, March 1979).

Procedures of the Study

The procedure for calculating present salaries in terms of constant dollars is cited as follows:

1. Graph nominal (actual) salaries by academic years back to 1967. Connect salaries with broken line.
2. Convert each year's salary to constant dollars, using CPI table (Appendix) and formula cited below:

$$\frac{\text{Nominal Year Salary} \times \text{Beginning Year CPI}}{\text{Nominal Year Salary}} = \text{Nominal Salary in Beginning Year Dollars}$$

3. Graph nominal year salaries in beginning year dollars and connect with solid line. This line represents a real salary history.

Results of the Study

Graphs 1-4 (Appendix) provide the salary range history by academic ranks for a typical community college system. Results of the sample data used in the present study indicate that although all academic rank ranges have increased in terms of nominal (actual) salary, there have been significant decreases in terms of salary ranges in constant dollars. In fact, the picture is actually grimmer than indicated by the graphs, because as salaries go up, so do taxes and an expectation of living at a higher standard.

Summary, Conclusions, and Recommendations

This study presents a methodology for computing present salaries in terms of constant dollars using Consumer Price Index

adjustments. By applying the methodology presented, individual faculty members, colleges, and/or college systems can compute present salaries in terms of "real" dollars for any year from 1967 to 1978. Results of sample data provide a clearer awareness of why faculty members are having trouble maintaining the same standard of living despite increasing salaries. In addition, it is recommended that this methodology be applied to college expenditures in terms of FTE student enrollments. Results may indicate that community colleges are presently receiving less "real" dollars than in the past.

APPENDIX

CONSUMER PRICE INDEX

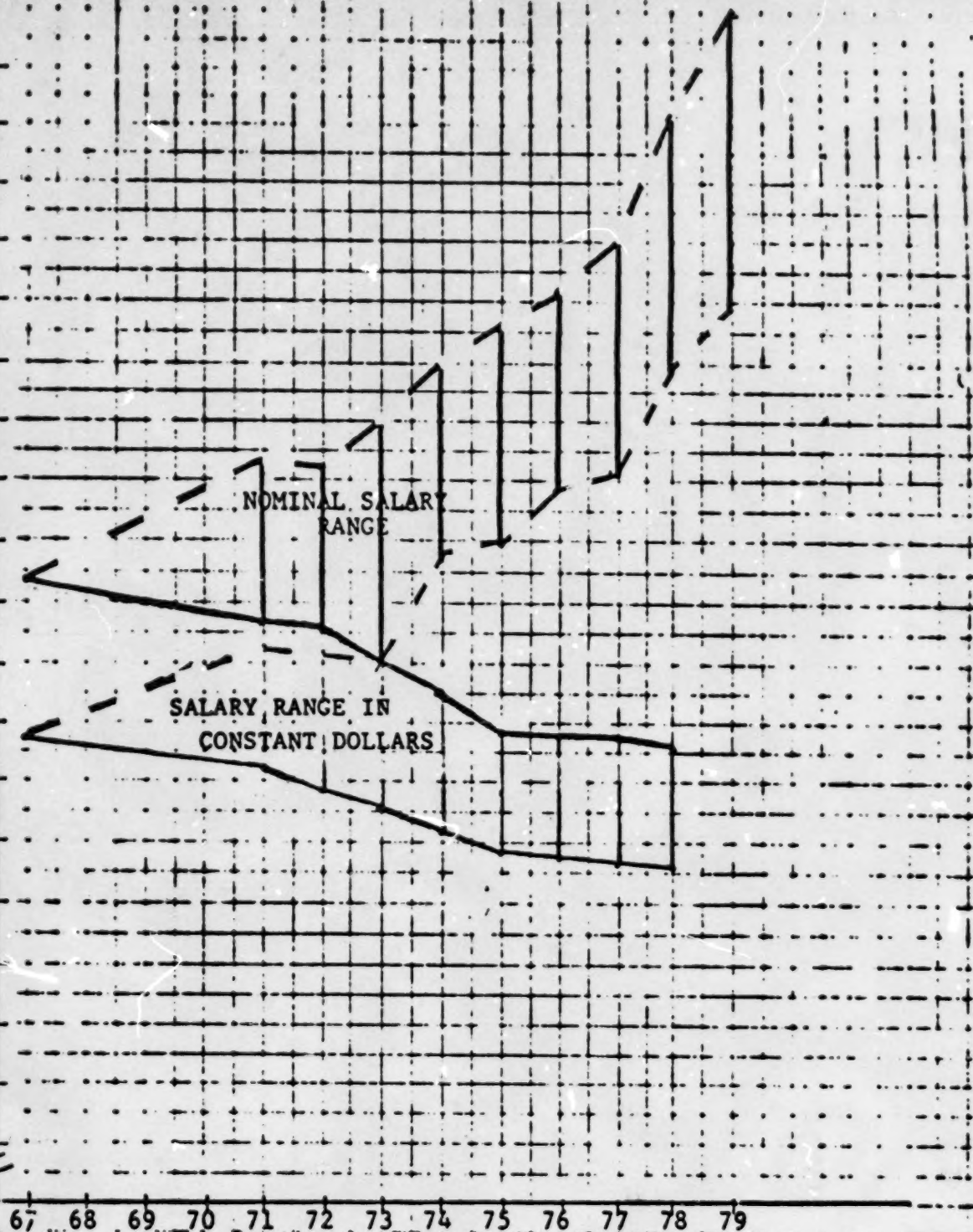
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1968	104.2	1974	147.7
1969	109.8	1975	161.2
1970	116.3	1976	170.5
1971	121.3	1977	181.5
1972	125.3	1978	195.4

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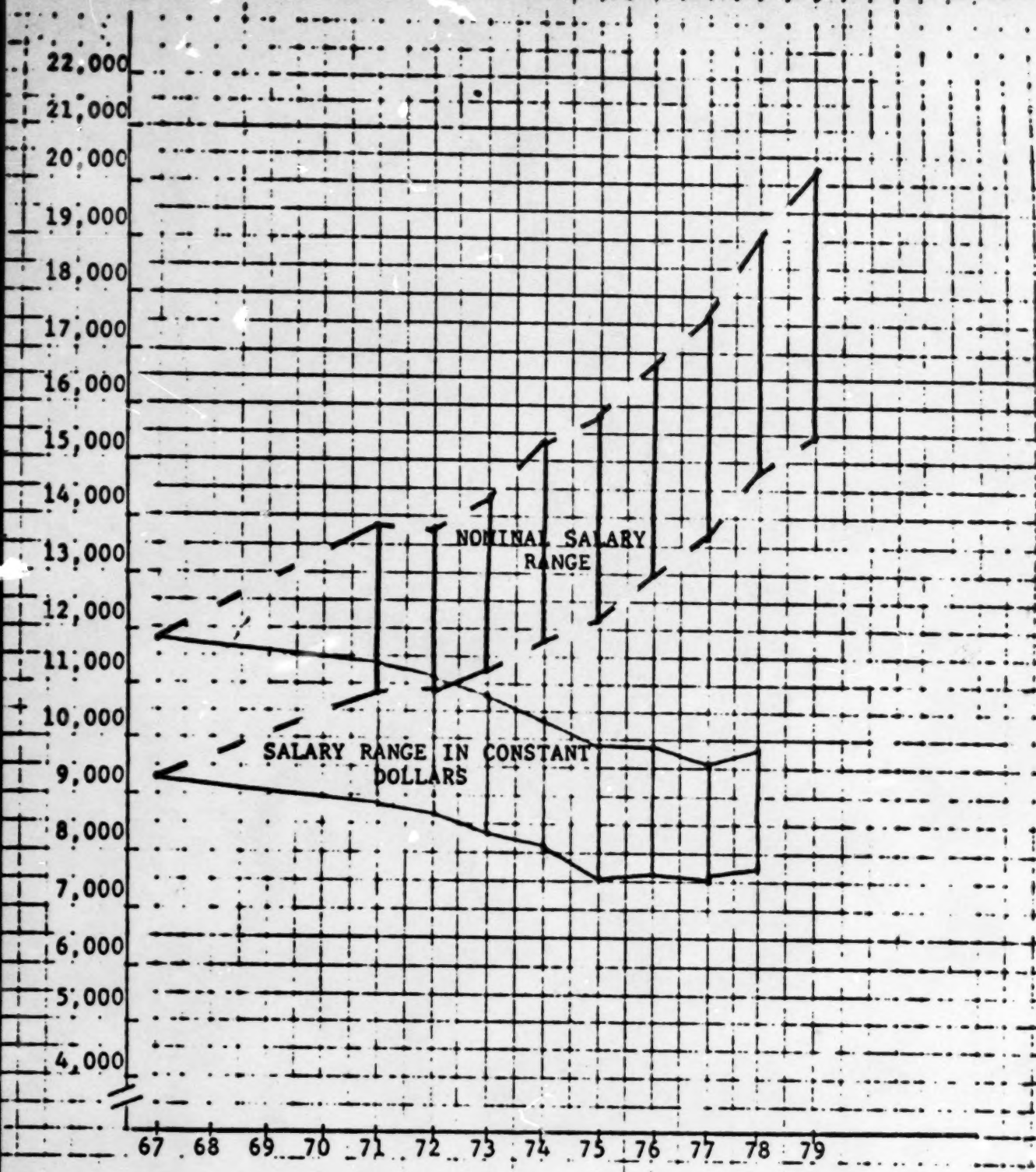
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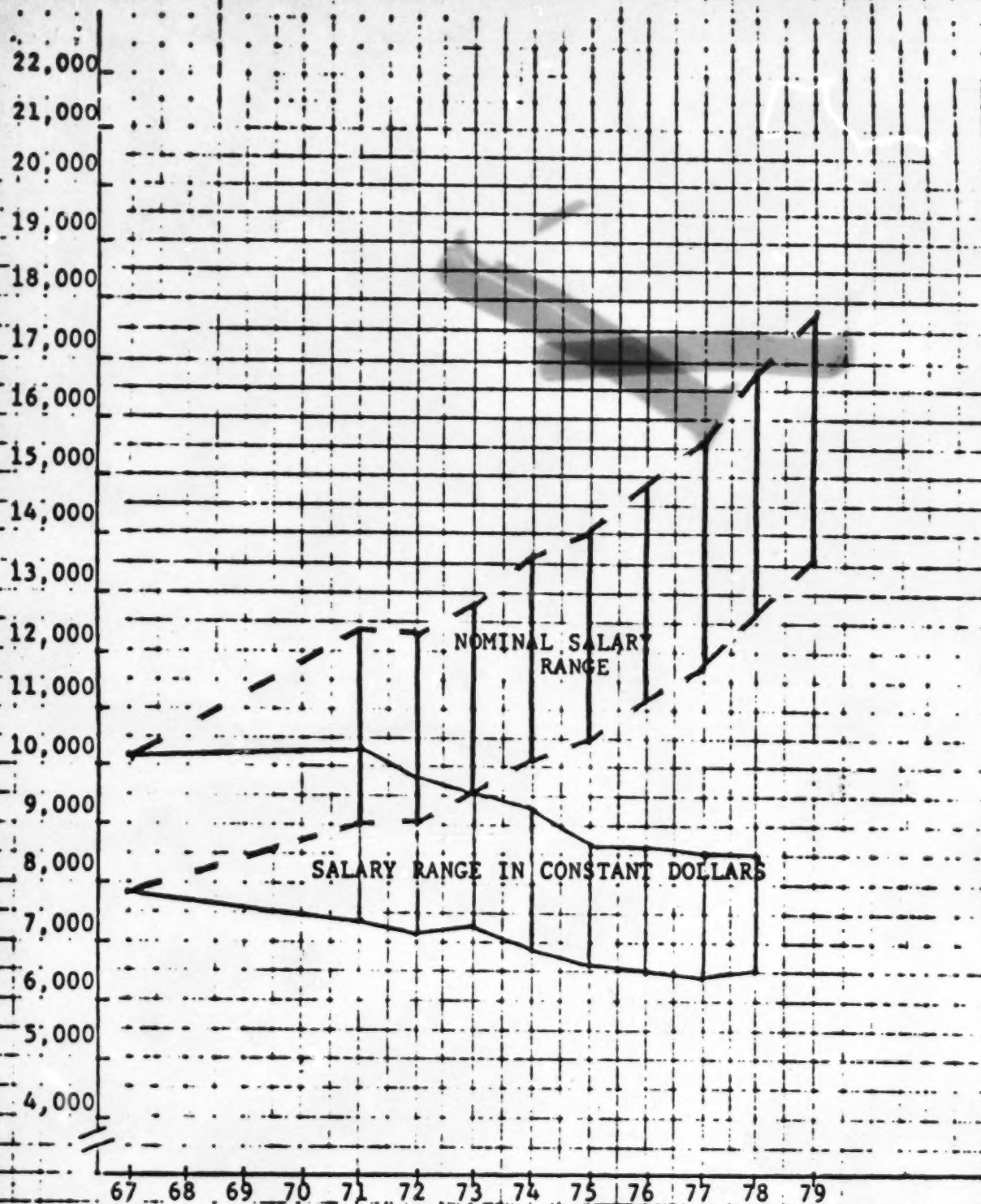
ACADEMIC YEARS

GRAPH 1. PROFESSOR'S SALARY RANGE

(NOMINAL AND CONSTANT DOLLARS)



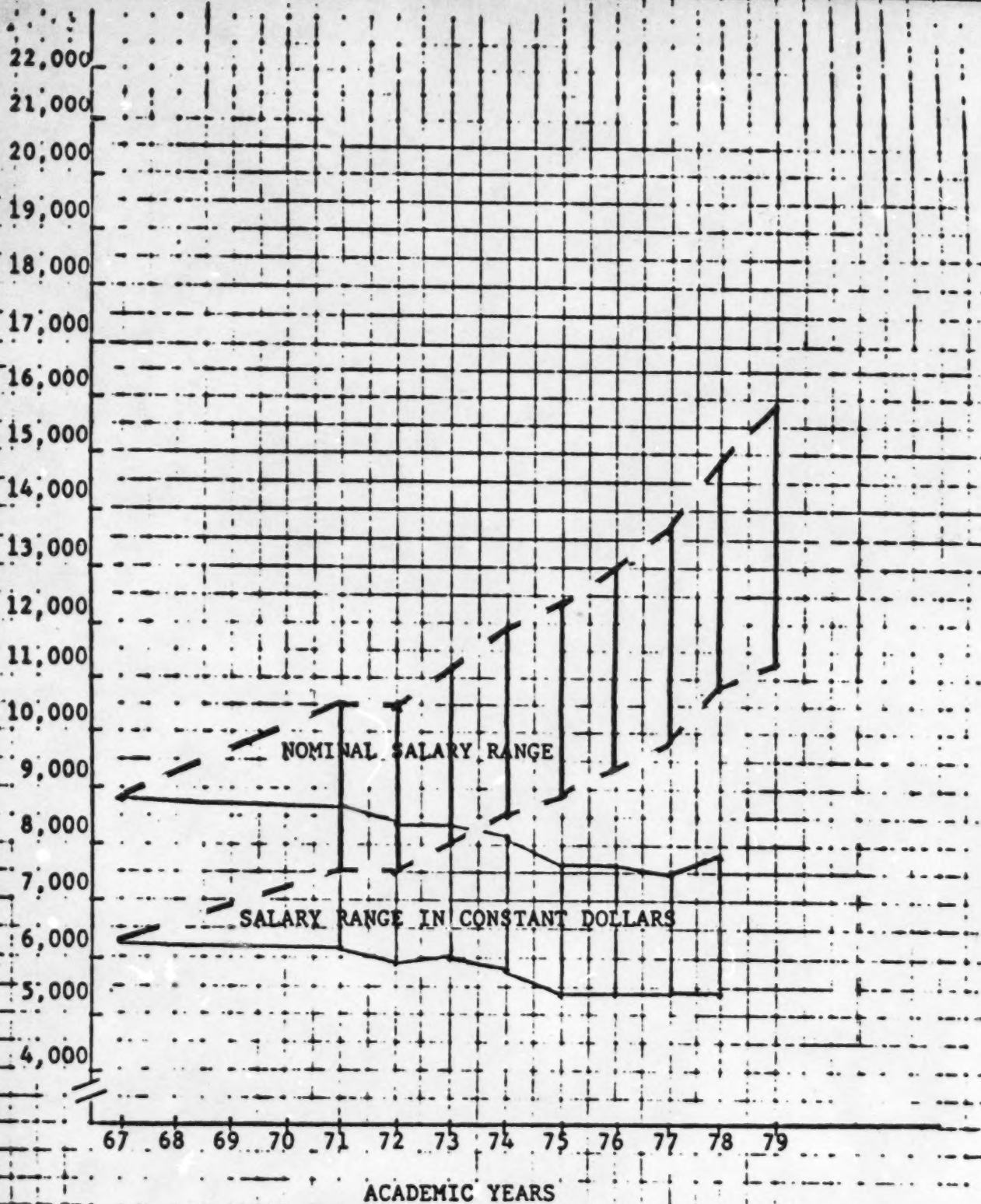
ACADEMIC YEARS
GRAPH 2. ASSOCIATE PROFESSOR
(NOMINAL AND CONSTANT DOLLARS)



ACADEMIC YEARS

GRAPH 3. ASSISTANT PROFESSOR

(NOMINAL AND CONSTANT DOLLARS)



ACADEMIC YEARS
GRAPH 4. INSTRUCTOR.

(NOMINAL AND CONSTANT DOLLARS)